

# **TURKMENISTAN**

## **RESULTS, REVIEW AND RESOURCE REQUEST**

**(R4)**

**USAID Central Asia Regional Mission**

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## **Please Note:**

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## **I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE**

Fiscal year 1997 witnessed the Turkmen Government's (GOTX) implementation of significant agricultural reform, launching of privatization of industrial enterprises, passage of a new oil and gas law aimed at attracting foreign investment, announcement of a tender process for development of offshore energy resources and continued adherence to fiscal and monetary policies designed to tame inflation and stabilize the exchange rate. Although the Turkmen leadership continues to exercise firm control over a highly centralized government, they have also begun a wide-ranging effort to privatize the important agricultural sector and have indicated a firm commitment to moving forward with industrial privatization. However, delays in instituting other economic reforms have caused uncertainty on the part of some international donors as to the sincerity of the government's commitment to the entire transition process. Some questionable expenditures and reluctance to reform rapidly may be explained, in part, by the vast economic potential of this desert country. Large reserves of natural gas, oil and other minerals promise a bright future for the people of Turkmenistan.

Within this complex development environment, until 1997 USAID programs focused on training and study tours outside Turkmenistan. Some of the delay in progress on reform may be attributed to attempts by the Turkmen to implement selected concepts gained from these experiences without the benefit of intensive on the ground technical assistance.

USAID has responded to Turkmenistan's introduction of economic reforms by cooperating closely with the IMF, WTO and other donors. By late summer, USAID had placed long-term resident consultants in the areas of privatization, budget reform and the trade and investment areas, with emphasis on WTO accession. Similarly, resident USAID consultants have begun an intensive effort to assist in the development of implementing rules and regulations for the oil and gas sector. These efforts are discussed further in the USAID Regional Energy and Environment Initiatives R4 for Central Asia.

Primary attention in the democracy sector was directed to the Institute for Democracy and Human Rights and promoting the development of a civil society through work with non-governmental and community based organizations. A recent conference on NGOs jointly sponsored by USAID and the UNDP, resulted in increased openness on the part of the government in assisting NGOs with the registration process. Continued collaboration with other donors to foster this positive movement and to hold firm to policy changes seems indicated. USAID plans to continue in-country technical assistance begun during this reporting period to nurture the development of civil society.

USAID's contribution to the social sector has been confined to Special Initiatives in the health sector due to limited overall funding for Turkmenistan and limited reform on the economic and democracy fronts. Other donors have the lead in the social sector and USAID will continue to focus its special funds in health toward activities supportive of reform movements in this area.

This reporting period was also a transition period for USAID participant training activities in Turkmenistan. The end of the three year NIS Exchanges and Training (NET) project and the start of its successor project, Global Training for Development (GTD) coincided with a shift of emphasis from broadly focused US study tours, to technically focused training (most taking place in Turkmenistan or other Central Asian Republics) to support the ongoing activities of USAID advisors.

Of final note, global climate change is of concern throughout Central Asia, including Turkmenistan. Over the next five years, Mission efforts in this area will be based upon existing legal and regulatory reforms and environmental programs in the areas of oil and gas and electricity generation, as explained more fully in the Regional Energy and Environment R4 for Central Asia.

## **II. PROGRESS TOWARD ACHIEVING STRATEGIC OBJECTIVES**

The Mission supports activities under the objectives listed in the chart below. The Strategic Objectives are self evident. However, special objective 4.1 and 4.2 require elaboration. Special Objective 4.1 includes the Democracy Special Initiative (to encourage citizen participation, to foster democratic concepts and to expand information flow), and health activities in the infectious disease, reproductive health and medical partnerships. Special Objective 4.2 includes training activities and Eurasia Foundation which are "cross-cutting" activities. Finally, the Mission notes that SO 1.5 (An effective policy framework in place to achieve private investment in an environmentally sound, regionally efficient, market-oriented energy sector) and SO 1.6 (Reduction in regional economic and political tensions generated by transboundary environmental issues) are regional strategic objectives with activities in Turkmenistan. A complete description of their activities is in the Mission's Regional R4 for Central Asia.

### **Summary Table of Strategic Objectives**

<b>Strategic Objective</b>		<b>Performance Assessment</b>	<b>Evaluation Findings</b>
1.2	Increased soundness of fiscal policies and fiscal management practices	As expected	No recent evaluations
1.3	Accelerated development and growth of private enterprises	Less than expected	No recent evaluations
4.1	Special Initiatives		No recent evaluations
4.2	Cross-Cutting Programs	Not applicable	

1.5	An effective policy framework in place to achieve private investment in an environmentally sound, regionally efficient, market-oriented energy sector	Described in Regional R4 for Central Asia	See Regional R4 for Central Asia
1.6	Reduction in regional economic and political tensions generated by transboundary environmental issues	Described in Regional R4 for Central Asia	See Regional R4 for Central Asia

As a final note, there are no environmental issues related to Turkmenistan initiatives.

## **A. SO 1.2: INCREASED SOUNDNESS OF FISCAL POLICES AND FISCAL MANAGEMENT PRACTICES**

This objective responds to the high priority objectives in the Embassy's Mission Program Plan by supporting a stable market-oriented economy with maximum access for, and participation by, American firms. Overall progress in the strategic objective is as expected.

### **1. Performance Analysis**

#### **SO 1.2: Increased Soundness Of Fiscal Policies And Fiscal Management Practices.**

While USAID assistance activity in this area has only recently begun, Turkmen officials within the Ministry of Finance have begun to adopt reforms to the budget process. USAID expects to receive a clear signal from the highest levels within the Turkmen government during the early spring of 1998 regarding its commitment to budgetary reforms.

**Progress rating:** On track

#### **IR 1.2.2 Government Complied With International Financial Institutions' Conditions.**

Turkmenistan needs to take steps necessary to begin a Stand-By agreement with the IMF.

**Progress rating:** Less than expected (no agreement with the IMF in place)

**IR 1.2.4 Improved Budget Management.** In 1997 approximately 50 percent of all government expenditures in Turkmenistan were excluded from the budget (i.e. "off-budget"). This "off-budget" category needs to be sharply reduced or eliminated in the coming years. In addition, considerably greater financial detail on expenditure patterns within those state ministries and agencies that are on-budget must be available for public scrutiny. The Ministry of Finance has expressed strong interest in beginning this process during 1998.

**Progress rating:** Activity just begun.

### **2. Expected Progress Through FY 2000 And Management Actions**

One of the areas in which Turkmenistan needs to promote systematic reform is in the fiscal policy area. Fiscal policy reform is crucial to provide a stable investment planning environment, and facilitating the efficient planning and delivery of public goods and services (particularly, infra-structural investments) in a manner which will support increased private investment and economic growth. Without acceleration of fiscal reforms and a dramatic improvement in the management capacity of the Government to sustain such reforms once implemented, the prospects for private sector led economic growth in Turkmenistan will remain limited.

As in other Central Asian countries, development of the private sector in Turkmenistan has been hampered by macroeconomic instability resulting from weak fiscal policies. It has made

very little progress in privatization and financial sector reform, has maintained subsidies on a range of basic food commodities and energy products, and has not made adequate progress in liberalizing its trade regime. As a result of severe policy constraints Turkmenistan remains the one country in the CAR which has not had an IMF Program in place. However there are recent indications that the GOTX may be prepared to enter into a program agreement with the IMF. An IMF negotiation team is scheduled to visit Turkmenistan during the first quarter of 1998. If the GOTX agrees to an IMF backed stabilization program, USAID will be in a position to support the fiscal reform process through targetted technical assistance and training activities. At this point, the strategic focus of our objective is on strengthening the expenditure side of fiscal policies initially, then to provide a more rational allocation of scarce government resources and a more transparent picture of the real fiscal costs of maintaining a predominant state role in the production sphere of the economy.



### 3. Performance Data Tables

<b>STRATEGIC OBJECTIVE 1.2:</b> Increased Soundness of Fiscal Policies and Fiscal Management Practices <b>APPROVED:</b> 12/07/96 <b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR			
<b>RESULT NAME:</b> SO 1.2 Increased soundness of fiscal policies and fiscal management practices			
<b>INDICATOR:</b> General government deficit as a percent of GDP			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> USAID Trade and Investment Project  <b>INDICATOR DESCRIPTION:</b> Expenditures less revenues as a percent of GDP  <b>COMMENTS:</b> As budget coverage improves this indicator will be of greater direct relevance.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995		1.6
	1996		1.0
	1997(B)	0.6	1.0
	1998	0.2	
	1999	0.1	
	2000	0.095	
	2001(T)	0.09	

<b>STRATEGIC OBJECTIVE 1.2:</b> Increased Soundness of Fiscal Policies and Fiscal Management Practices <b>APPROVED:</b> 12/07/96 <b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR			
<b>RESULT NAME:</b> IR 1.2.2 Government of Turkmenistan complied with the International Financial Institutions' conditions.			
<b>INDICATOR:</b> Compliance			
<b>UNIT OF MEASURE:</b> Yes - No - Partial  <b>SOURCE:</b> USAID Trade and Investment Project  <b>INDICATOR DESCRIPTION:</b> GOTX adheres to conditions set forth by the IFIs for additional assistance  <b>COMMENTS:</b> Other Donor Activity	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995		
	1996		N
	1997(B)	P	N/A
	1998	Y	
	1999	Y	
	2000	Y	
	2001(T)	Y	

<b>STRATEGIC OBJECTIVE 1.2:</b> Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR	
<b>RESULT NAME:</b> IR 1.2.4 Improved budget management			
<b>INDICATOR:</b> Off budget expenditures			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> USAID Trade and Investment Project  <b>INDICATOR DESCRIPTION:</b> Off budget share of Consolidated National Budget  <b>COMMENTS:</b> In 1997 approximately 50 percent of all government expenditures in Turkmenistan were excluded from the budget (i.e. “off-budget”). This “off-budget” category needs to be sharply reduced or eliminated in the coming years.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995		
	1996		n/a
	1997(B)	50	50
	1998	30	
	1999	20	
	2000	10	
	2001(T)	0	

<b>STRATEGIC OBJECTIVE 1.2:</b> Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR	
<b>RESULT NAME:</b> IR 1.2.4.2 Government borrowing is less inflationary			
<b>INDICATOR:</b> Central Bank of Turkmenistan (CBT) share of deficit financing			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> USAID Trade and Investment Project  <b>INDICATOR DESCRIPTION:</b> Share of CBT credit to the government as a percent of total deficit financing  <b>COMMENTS:</b> The target has not been met.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995		n/a
	1996	n/a	100
	1997(B)	60	100
	1998	50	
	1999	40	
	2000	30	
	2001(T)	20	

## **B. SO 1.3: ACCELERATED DEVELOPMENT AND GROWTH OF PRIVATE ENTERPRISES**

USAID has begun the provision of technical assistance to improve the commercial and investment environment in Turkmenistan, but only initial work has been done. At this point, targets have been set as shown in the performance data table included in the Strategic Plan. Being a recently instituted Strategic Objective in Turkmenistan (“Accelerated Development and Growth Of Private Enterprise”), no targets were previously established.

This objective responds to the high priority objectives in the Embassy’s Mission Program Plan by supporting a stable market-oriented economy with maximum access for, and participation by, American firms.

### **1. Performance Analysis**

**SO 1.3 Accelerated Development and Growth of Private Enterprises.** Given the continued dominance of the state enterprise sector in the economy, private enterprise development remains tightly tied to accelerated progress in the transfer of productive assets from the public to the private sector. At GOTX request, USAID initiated a targeted technical support program in this area within the Privatization Unit of the Ministry of Finance. This support program is designed to promote the adoption and implementation of a comprehensive and realistic mass privatization program in Turkmenistan, working in close collaboration on privatization strategy with the World Bank. Up until this point the privatization process has been stymied by lack of commitment by some key officials at the upper levels of the government, as reflected in the government’s unwillingness to establish a privatization unit with real power over line ministries in determining which enterprises are to be privatized.

The government has also been extremely unrealistic in terms of the revenue stream it expects from its dilapidated industrial enterprise base, as reflected in the inflexible and complex asset valuation procedures which have been adopted. The recent establishment of a new privatization unit attached to the Foreign Investment Agency, which will be charged with privatizing selected high-visibility medium and large-scale enterprises (consistent with a recent World Bank proposal), may reflect a heightened awareness of the need to accelerate the privatization process at upper levels of the government. USAID has established strong working-level relationships with privatization counterparts and provided intensive advice and training on privatization strategy and methodology. Direct tangible progress in moving assets through the privatization program will need to be seen in 1998, to justify continued assistance in this area.

In mid-1997, USAID initiated a trade and investment program designed to educate state officials on the merits, benefits and requirements of the World Trade Organization (WTO). However, ministerial level changes caused the GOTX to reconsider its WTO accession strategy, and USAID support was shifted. A response is expected by early 1998 regarding the GOTX’s interest in reviewing a comprehensive and intensive WTO accession effort. If an

affirmative response is provided, USAID will assist in the preparation and adoption of changes to the legal and regulatory framework necessary for accession to the WTO.

Finally, the CAAEF continues its investment and lending program in Turkmenistan. As of late 1997, a total of 4 equity investments for \$13.8 million had been approved (approximately \$3.3 million disbursed); and 22 loans for approximately \$1.9 million had been approved (approximately \$1.6 million disbursed). The CAAEF program in Turkmenistan continues to be surprisingly effective; reflecting both effective management of the program by the CAAEF local office, and the fact that viable investment opportunities on a moderate scale now exist in Turkmenistan.

**Progress rating:** Less than expected

**IR 1.3.1.1 Improved Policies, Laws and Regulations in Place to Ensure Competition and Allow for Easy Market Entry and Exit.** USAID undertook a comprehensive analysis of the WTO compatibility of the current trade and investment regulatory regime, which will serve as the basis for support work in the WTO accession area should the government decide to move forward with an organized accession effort. In addition, proposed revisions to the Joint Stock Company Law were developed for purposes of facilitating effective ownership transfer and corporate governance procedures in enterprises slated for privatization; and analytical input provided (partially accepted) into privatization-related resolutions.

**Progress rating:** As expected

**IR 1.3.1.2 Administrative Agencies Strengthened to Enforce Policies, Laws and Regulations.** In this indicator, the actual results exceeded the target because of the aggressive training approach taken, through which a large number of people trained in seminars on WTO issues fill important legal and administrative positions.

**Progress rating:** Better than expected

**IR 1.3.2 Human Resources Improved to Function in a Market Economy.** In this indicator, the results are close to the target, due to the large number of people given formal as well as on-the-job training at the Ministry of Economy's Budget Department and Privatization Department, and the Ministry for Foreign Economic Relations.

**Progress rating:** As expected

## **2. Expected Progress Through FY 2000 And Management Actions**

At these early stages, it is difficult to gauge the progress for this Strategic Objective until Turkmenistan's attitude and commitment to the reforms are clarified. A positive result could lead to expanded technical assistance in the areas of trade and investment and privatization reform, which would continue up to and beyond FY 2000; a continued sluggish response could result in the discontinuation of the entire effort. Assuming significant progress is made, support for broader commercial law infrastructure development would begin in 1998. Support for WTO accession would continue and be deepened during the 1998-2001 period. At that time the country would be expected to have completed its multilateral negotiations, to have gained accession to WTO, and to have initiated comprehensive enactment of the trade/investment reform measures required for WTO membership.

### 3. Performance Data Tables

<b>STRATEGIC OBJECTIVE: 1.3</b> Accelerated development and growth of private enterprises.			
<b>APPROVED:</b> 7/12/1996		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR	
<b>RESULT NAME:</b> Accelerated development and growth of private enterprises.			
<b>INDICATOR:</b> Increase in private sector GDP market shares.			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Ministry of Economy and Finance Department of Consolidated Programs of Economic Development (directly attached to the Minister).  <b>INDICATOR DESCRIPTION:</b> Share of GDP generated by private enterprises.  <b>COMMENTS:</b> This does not include the joint ventures in which the government has a substantial share with private foreign investors.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	-	10.0
	1997	20.0	20.0
	1998	30.0	
	1999	50.0	
	2000	65.0	
	2001	75.0	

<b>STRATEGIC OBJECTIVE: 1.3</b> Accelerated development and growth of private enterprises.			
<b>APPROVED:</b> 7/12/1996		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR	
<b>RESULT NAME:</b> IR 1.3.1 Improved operating environment for private sector growth.			
<b>INDICATOR:</b> Increase in private sector capital investment.			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Ministry of Economy and Finance Investment Department  <b>INDICATOR DESCRIPTION:</b> Percent of total capital investment in the private sector.  <b>COMMENTS:</b> This indicator is on track.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	-	na
	1997	8.0	7.9
	1998	30.0	
	1999	50.0	
	2000	65.0	
	2001	75.0	

<b>STRATEGIC OBJECTIVE: 1.3</b> Accelerated development and growth of private enterprises. <b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR			
<b>RESULT NAME: 1.3.1.1</b> Improved policies, laws and regulations in place to ensure competition and allow for easy market entry and exit.			
<b>INDICATOR:</b> Critical policies, laws and regulations that are consistent with international standards are published.			
<b>UNIT OF MEASURE:</b> 1) Number of policies, laws and regulations 2) Number of major legislative initiatives, treaty accessions and significant policy determinations <b>SOURCE:</b> USAID Commercial Law and Trade and Investment Projects' reports.  <b>INDICATOR DESCRIPTION:</b> Number of policies, laws, and regulations published and major legislative initiatives, treaty accessions and significant policy determinations drafted and implemented with USAID assistance.  <b>COMMENTS:</b> This includes the Budget Law (being approved), the Resolution About Auctions and Commercial Tenders (being approved), the Law on Joint Stock Companies (being approved). Note please that USAID has recently started its work in Turkmenistan.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	-	na
	1997	1) 10 2) 3	1) 4 2) 0
	1998	1) 20 2) 5	
	1999	1) 30 2) 7	
	2000	1) 50 2) 9	
	2001	1) 50 2) 9	

<b>STRATEGIC OBJECTIVE: 1.3</b> Accelerated development and growth of private enterprises. <b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR			
<b>RESULT NAME: 1.3.1.2</b> Courts and Administrative agencies strengthened to enforce policies, laws and regulations.			
<b>INDICATOR:</b> Number of legal and administrative positions trained by USAID.			
<b>UNIT OF MEASURE:</b> Number of key legal and administrative positions.  <b>SOURCE:</b> USAID Trade and Investment Project Report.  <b>INDICATOR DESCRIPTION:</b> Number of legal and administrative positions trained by USAID.  <b>COMMENTS:</b> Through the USAID Trade and Investment Project and other training efforts from other USAID contractors, USAID was able to exceed the planned number of administrative and legal personnel trained in commercial law reform topics.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	-	na
	1997	50	78
	1998	150	
	1999	300	
	2000	400	
	2001	500	

<b>STRATEGIC OBJECTIVE: 1.3</b> Accelerated development and growth of private enterprises. <b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Turkmenistan/USAID/CAR			
<b>RESULT NAME:</b> IR 1.3.2 Human resources improved to function in a market economy.			
<b>INDICATOR:</b> Number of people trained.			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> USAID Trade and Investment Project Report.  <b>INDICATOR DESCRIPTION:</b> Number of people trained through seminars, round tables or one -on-one encounters.  <b>COMMENTS:</b> This number includes people trained at the Ministry of Foreign Economic Relations (on the job), Ministry of Economy and Finance (formal and on the job) plus General Trade and Investment and WTO issues.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	-	na
	1997	100	98
	1998	200	
	1999	400	
	2000	500	
	2001	500	



## **SO 4.1: SPECIAL INITIATIVES**

**Democracy Initiative**--Special Objective 4.1 does not have a results framework as it includes Special Initiatives and Activities funded by specific earmarks which are not necessarily related to produce a specific result. Rather, each activity has one indicator against which its progress is assessed.

The objective of the democracy special initiative program is to encourage citizen participation, to foster democratic concepts, and to expand information flows. Since 1994, USAID has been supporting a program to assist non-government organizations (NGOs) through a US PVO which provides training and financial grants to a wide span of interest groups. This successful program, which has been a major force behind the increase in NGOs in Turkmenistan, emphasizes cooperation with other donors and host government organizations.

In addition, since 1997 USAID has provided assistance to the government's new Institute for Democracy and Human Rights (IDHAR), which has a mandate to foster democratization of the state and society and to monitor the protection of human rights. It serves as an ombudsman for citizens with human rights complaints and has reviewed many complaints. It has also conducted investigative tours of prisons and local government offices, organized seminars on human rights and democracy issues, and advised the President on strategies for improving the protection of human rights (especially with respect to the conduct of law enforcement officials) and facilitating democratization.

The current special initiative responds to the high priority objectives in the Embassy's Mission Program Plan by supporting the transition of the government of Turkmenistan to becoming a more open, democratic society. The expected result is increasing possibilities for citizens to organize and create a civil society. USAID will judge performance by progress in the number of NGOs in Turkmenistan. Time frame for this special initiative is five years.

**Health Initiatives**--The remaining activities under Special Objective 4.1 in Turkmenistan are health related. These include reproductive health, infectious diseases, and health partnership activities.

**Reproductive Health**--USAID provided limited support to Turkmenistan in reproductive health from 1994-1996 under the Reproductive Health Services Expansion Program (RHSEP) for Central Asia. The focus of this regional program was to promote the use of safe, modern contraceptives in order to decrease dependence on abortions to control fertility. The program planned for FY 1997 to focus on making contraceptives available and accessible through commercial outlets was not implemented due to contractual delays. The UNFPA and a few other donors are now quite active in the reproductive health field. Thus, USAID plans to assess the Reproductive Health arena in Turkmenistan and develop a strategy for future USAID programming in reproductive health.

**Medical Partnership Program**--The first medical partnership program was established in April 1993 between the Niyazov Medical Consultative Center in Ashgabat, and the Cleveland Clinic of Cleveland, Ohio. It entered a graduate phase in April 1996. The areas of partnership training and technical assistance were surgery, cardiology, nephrology, nursing reform, and hospital administration. The Emergency Services Department of the Ashgabat City Health Department was assisted in 1997 by the Richmond, Virginia Department of Emergency Services. As a result, the Ashgabat City services have been improved and an Emergency Services Training Center for Turkmenistan was opened at the site. The Medical Partnership Program is currently being revised by USAID for the next phase. Partnership(s) developed for Turkmenistan should foster health reform. Some areas of focus might be nursing reform, family practice, or continued work on emergency services.

**Infectious Disease Program**--The infectious disease program for Turkmenistan is introducing more effective, efficient, and cost-effective surveillance measures. In the past this was limited to diphtheria and polio and now will be expanded to include diseases such as typhoid and hepatitis. In addition, limited support in the area of tuberculosis, in collaboration with the World Bank, will be provided.

## **1. Performance Analysis**

**Reduction in General Abortion Rate**--Induced abortions have serious detrimental effect on women's health and contributes significantly to maternal mortality. Therefore, USAID/CAR programs in reproductive health under the RHSEP were directed at increasing the options women have in selecting their method of contraceptive as well as making modern contraceptives widely available. The relationship between increase in contraceptive use and decline in abortions is well established in other countries. Based on the 1995 internal assessment of the RHSEP, the project did contribute significantly towards increased use of modern contraceptives with a concurrent decrease in induced abortions. This was further confirmed by 1996 Ministry of Health data. The Ministry of Health's 1997 calendar year data will be available in March 1998. USAID/CAR will develop a Reproductive Health Strategy

for 1998-2000 for Turkmenistan in February 1998. This will guide future programming.

**Progress rating:** Satisfactory

**Number of Health Providers Trained in Modern Techniques and Clinical Practices--**

Although this one indicator does not capture the range of partnership activities, much of the work done under the partnerships has involved technology transfer and training. Training was therefore selected as the primary indicator. Obtaining this information, from the implementing partner, however, has been difficult. In 1997, 151 health providers from Turkmenistan were trained in different areas while the target was 120. Some other notable achievements are highlighted here for the partnership program. Intensive training programs were started in Ashgabat in 1996 and continued through 1997 in the fields of cardiology, gastroenterology, preventive medicine and pediatric care. A model surgical suite was installed in the Niyazov Medical Consultative Center which will establish a national standard for surgical treatment in Turkmenistan. Health care managers from Ashgabat participated in a series of training seminars held in Almaty, Kazakhstan on grantsmanship and basic management skills. The administrators of the Niydzov Medical Consultation Center used these management skills in developing and establishing fee-for-service care for employees of foreign companies based in Ashgabat. Emergency Medical Services in Ashgabat were upgraded and a training center established with assistance from the Richmond, Virginia Emergency Services. The partnerships trained 617 health and emergency staff, thus significantly exceeding the targets in this area.

**Progress rating:** Satisfactory

**Percent of Vilayets Using Modern Approaches To Disease Surveillance--**This indicator refers to the modern surveillance method applied to polio and diphtheria. The Centers for Diseases Control and Prevention (CDC) is implementing this program. According to the Ministry of Health (MOH) data 75 percent of vilayets use modern approaches to surveillance of polio and diphtheria. This activity will continue extending coverage and expanding the number of diseases to track.

**Progress rating:** Satisfactory

## **2. Expected Progress Through FY 2000 And The Management Actions**

**Democracy Special Initiative--**In order to capitalize on the significant progress in Turkmenistan, USAID/CAR plans to do an assessment and design a Civil Society Strategic Objective this year. While the President and the Cabinet of Ministers continue to exercise control over the country's political life, signs of cooperation are appearing between government and NGOs. The Minister of Justice recently helped an NGO to register. The number of NGOs is increasing: There are now 35. There is also a strong possibility that the Ministry of Education will contract with an NGO to engage in nation-wide curriculum reform.

**Reproductive Health**--USAID/CAR will conduct an assessment of the reproductive health area and will develop a 1998 - 2000 Reproductive Health Strategy for Turkmenistan on February 1998. The strategy will guide the programming.

**Medical Partnership**--A new medical partnership program is under design and it is too early to determine the nature and type of partnership that will be developed. USAID/CAR expects to build upon lessons learned, retain what is working, and guide the medical partnership program towards areas supportive of health reform: nursing reform, family practice, continued work on emergency services.

**Infectious Disease Program**--The infectious disease program will continue to work on strengthening disease surveillance with an emphasis on hepatitis and other vaccine preventable diseases. Limited support on tuberculosis prevention and control will be considered in collaboration with the World Bank project. The government of Turkmenistan has expressed an interest in the implementation of the WHO approved DOTS. However, funding is too limited to initiate a DOTS program in Turkmenistan.

### 3. Performance Data Tables

<b>OBJECTIVE:</b> 4.1 Special Initiatives			
<b>APPROVED:</b> 10/1/97		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan; USAID/CAR	
<b>RESULT NAME:</b> Citizen participation in NGOs strengthened.			<b>INDICATOR</b> : Number of NGOs
<b>UNIT OF MEASURE:</b> Number of NGOs in the Counterpart database.  <b>SOURCE:</b> Counterpart database  <b>INDICATOR DESCRIPTION:</b> Number of NGOs in the Counterpart database.  <b>COMMENTS:</b> New indicator	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	NA	
	1996	NA	
	1997	NA	35
	1998	45	
	1999	55	
	2000	70	
	2001	80	
	2002	90	

<b>OBJECTIVE:</b> 4.1 Earmark-Reproductive Health			
<b>APPROVED:</b> 1997		<b>COUNTRY/ORGANIZATION,</b> Turkmenistan, USAID/CAR	
<b>RESULT NAME:</b> N/A-Congressionally mandated earmark			
<b>INDICATOR:</b> Reduction in General Abortion Rate (GAR)			
<b>UNIT OF MEASURE:</b> General Abortion Rate (GAR)  <b>SOURCE:</b> Ministry of Health (MOH)  <b>INDICATOR DESCRIPTION:</b> Induced abortions per 1000 women ages 15-49.  <b>COMMENTS:</b> * - the Ministry of Health's data will be available in March 1998 for the 1997 calendar year.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994	-	33.7
	1995	-	32.8
	1996	-	32.0
	1997	30.00	*

<b>OBJECTIVE: 4.1 Earmark - Medical Partnerships</b>			
<b>APPROVED:</b> N/A		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan; USAID/CAR	
<b>RESULT NAME:</b> N/A - Congressionally mandated earmark. (Modern Management Techniques and Clinical Practices Introduced)			
<b>INDICATOR:</b> Number of health providers trained in modern management techniques and clinical practices.			
<b>UNIT OF MEASURE:</b> Number of health providers.  <b>SOURCE:</b> American International Health Alliance (AIHA).  <b>INDICATOR DESCRIPTION:</b> Increase in number of health providers trained in modern management techniques and clinical practices.  <b>COMMENTS:</b>  1. The current indicator replaces the previous one "Increase in Number of Facilities Using Modern Management Techniques and Clinical Practices." AIHA is unable to provide data needed by the previous indicator. AIHA reports on number of persons trained.  2. Planned 1997 target is cumulative (includes 1996 actual plus 1997 specific). The 1997 actual is as of 1/09/98.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996		55
	1997	120	151
	1998	100	

<b>OBJECTIVE: 4.1 Earmark - Infectious Disease</b>			
<b>APPROVED:</b> N/A		<b>COUNTRY/ORGANIZATION:</b> Turkmenistan, USAID/CAR	
<b>RESULT NAME:</b> N/A - Congressionally mandated earmark			
<b>INDICATOR:</b> Percent of vilayets using modern approaches to disease surveillance			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Centers for Disease Control and Prevention (CDC) in Central Asia.  <b>INDICATOR DESCRIPTION:</b> Increase in the number of vilayets using computer-based applications for case specific diseases.  <b>COMMENTS:</b> This indicator refers to the modern methods applied to polio and diphtheria. Computer system was not in place until January 1997 but all staff from the Sanitary- Epidemiological Station were trained in 1996. Additional diseases such as hepatitis, typhoid and TB are added.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	0%	0%
	1996	25%	0 %
	1997	100%	75%
	1998	75%	

### III. STATUS OF THE MANAGEMENT CONTRACT

The Management Contract agreed to by the Mission and Washington during last spring's R4 reviews has not been significantly altered for Turkmenistan. However, it is important to note the following for this year's R4 discussions:

**Strategic Objective Changes or Refinements.** The Mission's two regional strategic objectives, both of which include activities in Turkmenistan, were approved during last year's R4 review. Following this approval and subsequent to Washington's creation of the new environmental strategic objective 1.6, USAID/CAR eliminated the Mission's SO 3.3 (Reduction in regional economic and political tensions generated by transboundary environmental issues) and adopted SO 1.6 (Reduction in regional economic and political tensions generated by transboundary environmental issues). Technical assistance activities were affected by this change, as described in the Regional R4 for Central Asia. Also, the wording of the Mission's SO 1.5 was changed from "A more economically sound and environmentally sustainable energy system as the primary engine of growth in Central Asia" to "An effective policy framework in place to achieve private investment in an environmentally sound, regionally efficient, market-oriented energy sector" to more fully reflect USAID/CAR activities in the energy sector. Technical assistance activities were not affected by this change.

**Partnerships.** As indicated in last year's R4, the Mission sponsors one active partnership in health. Funds have not been allocated to support partnerships through Partnership For Freedom resources.

## USAID FY 1998 Budget Request by Program/Country

18-Nov-98  
06:40 AMCountry/Program: Turkmenistan  
Scenario: Base Level

S.O. #	Title			Estimated Total		Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.				
	Approp. Acct	Bilateral/ Field Support	Est. SO Pipeline End of FY 97	Carryover FY97	Budget Funds FY98																		
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																							
		Bilateral Field Spt	0		450,000			450,000								300,000	8,000,000	5,000,000	05				
		Total	0	0	450,000	0		450,000	0	0	0	0	0	0	0			5,000,000					
SO 1.3: Accelerated Development and Growth of Private Enterprises																							
		Bilateral Field Spt	1,164,000		750,000			750,000								1,100,000	*****	5,500,000	05				
		Total	1,164,000	0	750,000	0		750,000	0	0	0	0	0	0	0			5,500,000					
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																							
		Bilateral Field Spt	0		0									0		0	8,000,000	6,200,000	05				
		Total	0	0	0	0		0	0	0	0	0	0	0	0			6,200,000					
SO 4.1: Health Earmarks																							
		Bilateral Field Spt	693,918	300,000	650,000								650,000			1,110,584	N/A	N/A	N/A				
		Total	693,918	300,000	650,000	0		0	0	0	0	0	650,000	0	0			0					
SO 4.1: Special Initiatives (ODT)																							
		Bilateral Field Spt	215,979		500,000										500,000	195,262	6,000,000	3,000,000	06				
		Total	215,979	0	500,000	0		0	0	0	0	0	0	0	500,000			3,000,000					
SO 4.1: Transfers and Allocations																							
		Bilateral Field Spt	N/A		1,850,000			1,850,000								N/A	N/A	N/A	N/A				
		Total	0	0	1,850,000	0		1,850,000	0	0	0	0	0	0	0			0					
SO 1.3: Central Asian-American Enterprise Fund																							
		Bilateral Field Spt	7,303,251		0											4,250,000	*****	N/A	N/A				
		Total	7,303,251	0	0	0		0	0	0	0	0	0	0	0			0					
SO 4.2: Exchanges and Training (Global Training Project)																							
		Bilateral Field Spt	740,000		0											370,000	*****	2,400,000	06				
		Total	740,000	0	0	0		0	0	0	0	0	0	0	0			2,400,000					
SO 4.2: Unallocated																							
		Bilateral Field Spt	0		300,000			300,000								N/A	N/A	N/A	N/A				
		Total	0	0	300,000	0		300,000	0	0	0	0	0	0	0			0					
SO 4.2: Eurasia Foundation																							
		Bilateral Field Spt	68,692		0											68,692	N/A	N/A	N/A				
		Total	68,692	0	0	0		0	0	0	0	0	0	0	0			0					
Total Bilateral			*****	300,000	4,500,000	0	0	3,350,000	0	0	0	0	650,000	0	500,000								
Total Field Support				0	0	0	0	0	0	0	0	0	0	0	0								
TOTAL PROGRAM			*****	300,000	4,500,000	0	0	3,350,000	0	0	0	0	650,000	0	500,000			22,100,000					

<b>FY 1998 Request Sector Totals -- DA</b>		
Econ Growth	3,350,000	
[Of which Microenterprise]		
HCD		
PHN	650,000	
Environment	0	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	500,000	

<b>FY 1998 Request Sector Totals -- ESF</b>		
Econ Growth	650,000	
[Of which Microenterprise]		
HCD		
PHN	*****	
Environment	0	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	0	

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0



## USAID FY 1999 Budget Request by Program/Country

18-Nov-98  
06:40 AMCountry/Program: Turkmenistan  
Scenario: Base Level

S.O. #	Title			Estimated Total		Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 99	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.				
	Approp. Acct	Bilateral/ Field Support	Est. SO Pipeline End of FY 98	Carryover FY97	Budget Funds FY98																		
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																							
		Bilateral Field Spt	150,000		750,000			750,000								500,000	8,000,000	5,000,000	05				
		Total	150,000	0	750,000	0		750,000	0	0	0	0	0	0	0			5,000,000					
SO 1.3: Accelerated Development and Growth of Private Enterprises																							
		Bilateral Field Spt	814,000		2,000,000			2,000,000								1,600,000	*****	5,500,000	05				
		Total	814,000	0	2,000,000	0		2,000,000	0	0	0	0	0	0	0			5,500,000					
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																							
		Bilateral Field Spt	0		1,000,000			1,000,000						0		750,000	8,000,000	6,200,000	05				
		Total	0	0	1,000,000	0		1,000,000	0	0	0	0	0	0	0			6,200,000					
SO 4.1: Health Earmarks																							
		Bilateral Field Spt	533,334		2,700,000								2,700,000			2,155,559	N/A	N/A	N/A				
		Total	533,334	0	2,700,000	0		0	0	0	0	0	2,700,000	0	0			0					
SO 4.1: Special Initiatives (ODT)																							
		Bilateral Field Spt	520,717		1,050,000										1,050,000	400,000	6,000,000	3,000,000	06				
		Total	520,717	0	1,050,000	0		0	0	0	0	0	0	0	1,050,000			3,000,000					
SO 4.1: Transfers and Allocations																							
		Bilateral Field Spt	N/A		2,500,000			2,500,000								N/A	N/A	N/A	N/A				
		Total	0	0	2,500,000	0		2,500,000	0	0	0	0	0	0	0			0					
SO 1.3: Central Asian-American Enterprise Fund																							
		Bilateral Field Spt	3,053,251		3,000,000			3,000,000								3,468,685	*****	N/A	N/A				
		Total	3,053,251	0	3,000,000	0		3,000,000	0	0	0	0	0	0	0			0					
SO 4.2: Exchanges and Training (Global Training Project)																							
		Bilateral Field Spt	370,000		1,000,000			600,000					150,000	100,000	150,000	1,030,000	*****	2,400,000	06				
		Total	370,000	0	1,000,000	0		600,000	0	0	0	0	150,000	100,000	150,000			2,400,000					
SO 4.2: Unallocated																							
		Bilateral Field Spt	N/A		0											N/A	N/A	N/A	N/A				
		Total	0	0	0	0		0	0	0	0	0	0	0	0			0					
SO 4.2: Eurasia Foundation																							
		Bilateral Field Spt	0		0											N/A	N/A	N/A	N/A				
		Total	0	0	0	0		0	0	0	0	0	0	0	0			0					
Total Bilateral			5,441,302	0	14,000,000	0	0	9,850,000	0	0	0	0	2,850,000	100,000	1,200,000								
Total Field Support			0	0	0	0	0	0	0	0	0	0	0	0	0								
TOTAL PROGRAM			5,441,302	0	14,000,000	0	0	9,850,000	0	0	0	0	2,850,000	100,000	1,200,000			22,100,000					

<b>FY 1998 Request Sector Totals -- DA</b>		
Econ Growth	9,850,000	
[Of which Microenterprise]		
HCD		
PHN	2,850,000	
Environment	100,000	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	1,200,000	

<b>FY 1998 Request Sector Totals -- ESF</b>		
Econ Growth	2,950,000	
[Of which Microenterprise]		
HCD		
PHN	*****	
Environment	0	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	0	

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

## USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

18-Nov-98  
06:40 AMCountry/Program: Turkmenistan  
Scenario: Base Level

S.O. #	Title	Approp. Acct	Bilateral/ Field Support	Est. SO Pipeline End of FY 99	Estimated Total		FY 2000											Future Cost (POST 2000)	Year of Final Oblig.	
					Carryover FY97	Budget Funds FY98	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 00			Est. Total Cost life of SO
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																				
			Bilateral Field Spt	400,000		600,000			600,000								600,000	8,000,000	5,000,000	05
			Total	400,000	0	600,000	0		600,000	0	0	0	0	0	0	0			5,000,000	
SO 1.3: Accelerated Development and Growth of Private Enterprises																				
			Bilateral Field Spt	1,214,000		1,600,000			1,600,000								1,800,000	*****	5,500,000	05
			Total	1,214,000	0	1,600,000	0		1,600,000	0	0	0	0	0	0	0			5,500,000	
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																				
			Bilateral Field Spt	250,000		800,000			800,000					0			750,000	8,000,000	6,200,000	05
			Total	250,000	0	800,000	0		800,000	0	0	0	0	0	0	0			6,200,000	
SO 4.1: Health Earmarks																				
			Bilateral Field Spt	1,077,775		2,700,000							2,700,000				2,518,516	N/A	N/A	N/A
			Total	1,077,775	0	2,700,000	0		0	0	0	0	2,700,000	0	0	0			0	
SO 4.1: Special Initiatives (ODT)																				
			Bilateral Field Spt	1,170,717		400,000										400,000	600,000	6,000,000	3,000,000	06
			Total	1,170,717	0	400,000	0		0	0	0	0	0	0	0	400,000			3,000,000	
SO 4.1: Transfers and Allocations																				
			Bilateral Field Spt	N/A		2,500,000			2,500,000								N/A	N/A	N/A	N/A
			Total	0	0	2,500,000	0		2,500,000	0	0	0	0	0	0	0			0	
SO 1.3: Central Asian-American Enterprise Fund																				
			Bilateral Field Spt	2,584,566		3,000,000			3,000,000								3,208,572	*****	N/A	N/A
			Total	2,584,566	0	3,000,000	0		3,000,000	0	0	0	0	0	0	0			0	
SO 4.2: Exchanges and Training (Global Training Project)																				
			Bilateral Field Spt	340,000		400,000			240,000				60,000	40,000	60,000		500,000	*****	2,400,000	06
			Total	340,000	0	400,000	0		240,000	0	0	0	0	60,000	40,000	60,000			2,400,000	
SO 4.2: Unallocated																				
			Bilateral Field Spt	N/A		0											N/A	N/A	N/A	N/A
			Total	0	0	0	0		0	0	0	0	0	0	0	0			0	
SO 4.2: Eurasia Foundation																				
			Bilateral Field Spt	0		0											N/A	N/A	N/A	N/A
			Total	0	0	0	0		0	0	0	0	0	0	0	0			0	
Total Bilateral				7,037,058	0	12,000,000	0	0	8,740,000	0	0	0	0	2,760,000	40,000	460,000				
Total Field Support				0	0	0	0	0	0	0	0	0	0	0	0	0				
TOTAL PROGRAM				7,037,058	0	12,000,000	0	0	8,740,000	0	0	0	0	2,760,000	40,000	460,000			22,100,000	

<b>FY 1998 Request Sector Totals -- DA</b>		
Econ Growth	8,740,000	
[Of which Microenterprise]		
HCD		
PHN	2,760,000	
Environment	40,000	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	460,000	

<b>FY 1998 Request Sector Totals -- ESF</b>		
Econ Growth	2,800,000	
[Of which Microenterprise]		
HCD		
PHN	*****	
Environment	0	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	0	

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0